

Chairman's Statement



Pat Murphy
Chairman

RESULTS

I am pleased to report to you that Farmer Business Developments plc ("the Group") performed very strongly in 2023 recording a Group profit after tax of €21.27m up from €17.93m in the prior year.

To assist shareholders in understanding our results, we have produced a Divisional Summary Statement below, which separates the results for the Group, and we explain the main elements before commenting on each division in more detail later.

Divisional Summary Statement	2023	2022
	€000s	€000s
FBD Hotels & Resorts EBITDA	24,131	18,748
Bulberry Properties EBITDA	256	(956)
Bulberry Land write down	(5,943)	-
Farmer Business Developments Investment EBITDA	(2,869)	(197)
Integration Costs (Killashee Hotel)	-	(637)
Depreciation	(5,489)	(4,927)
Reversal of impairment of hotel assets	-	985
Dividend income	17,271	8,715
Profit Before Interest and Tax	27,357	21,731
Interest Income	1,673	1,068
Interest Expense	(3,995)	(2,375)
Profit Before Taxation	25,035	20,424
Taxation	(3,766)	(2,497)
Profit after taxation	21,269	17,927
Shareholders' funds attributable to the owners	285,797	272,499

The Summary Statement shows the exceptional performance in 2023 of FBD Hotels & Resorts business, recording an EBITDA of €24.13m, an increase of 29% on the €18.75m number in 2022.

The Berlin vehicle, Bulberry Properties, in which we have a 61% stake, did not transact in any land deals during 2023 and made a net profit of €0.26m from investment income. Bulberry also took a write down in land value of €5.94m in 2023. On investments, there was a €2.9m net mark-down recorded in 2023, compared to a mark-down of €0.2m in 2022.

On the income side, we have the increased dividend income from FBD Holdings plc at €17.27m (2022: €8.72m).

Interest income of €1.67m mainly relates to the FBD Holdings plc Loan Note 5% coupon.

The interest expense is up by €1.6m to €3.99m in 2023 reflecting the increase in the Euribor interest rate throughout 2023.

This leaves our Group profit after taxation at a healthy €21.27m for 2023, an 8% return on opening Shareholders' funds.

Our Balance Sheet shows the value attributable to the shareholders was €285.80m at the end of 2023, up €13.3m (5%) for the year. This is after paying total dividends of €13.1m to our shareholders.

REVIEW OF INVESTMENTS

A) FBD HOLDINGS PLC

FBD Holdings plc produced another strong set of results for 2023, reporting a profit before tax of €81.4m supported by a strong underwriting result of €76.5m the third consecutive year of double digit ROE returns.

The performance of the insurance business was positive with gross written premium up 8.1%, new policy count up 2.6% and a solvency capital ratio of 213% providing a substantial capital buffer. The net asset value per share increased from €12.76 at the end of 2022 to €13.30 at the end of 2023.

With a robust capital position and continued profitability, FBD Holdings plc announced a dividend payment of €1 per share for the 2023 financial year and the intention to return further capital in the short and medium term.

The FBD Holdings plc share price closed the year at €11.35 per share, up 3% from €11.05 on the previous year, resulting in a €2.56m increase in the book value of our 23.79% stake to €99.45m. Including the €21.1m bond investment our overall investment in FBD Holdings plc is €121m or 42% of our shareholder funds.

The strategy of FBD Insurance is to focus on its strengths to deliver profitable growth, strengthen its relationships with its core farm and business customer segments and maintain underwriting discipline.

Our policy is to maintain our stake in FBD Holdings plc as a long-term investment, with the expectation also of dividend income.

FBD INSURANCE DISCOUNT

I take this opportunity to remind our individual farm family shareholders, who hold at least 10,000 ordinary shares in our Company, that their investment is recognised and rewarded through a discount of 10% on their general insurance premiums with FBD Insurance plc. FBD has a proven track record of delivering a superior product and service to its core farming customers.

B) FBD HOTELS & RESORTS ("FBDH&R")

I am pleased to report record results for FBDH&R in 2023 with EBITDA of €24.13m. Leisure contributed €22.13m and Property €2m. This represents a 29% increase on 2022 when EBITDA was €18.75m. Excluding our Killashee Hotel acquisition, our leisure EBITDA on a like-for-like basis for 2023 has increased by 84% over 2019 (last full year before Covid). This is a tremendous business performance and I want to acknowledge the contributions of the leadership team, management and staff of FBDH&R in delivering these results.

Overall, Leisure Revenues for 2023 was €110.5m compared to €93.1m in 2022 (+19%). Excluding Killashee revenues of €18.1m, Ireland leisure revenue of €46.2m was up 9% on 2022 revenue, with Spain leisure revenue of €46.2m up 22% on 2022.

On Property, our partnership with developer Taylor Wimpey at La Cala Resort had another record year with the sale of 45 built units, while we sold eight villa plots. The €3.3m cash generated from sales closings at La Cala has contributed to FBDH&R's strong cash/liquidity position.

I am very pleased to report that in 2023 we contracted for a second development with Taylor Wimpey for the majority of our remaining residential land at La Cala. The deal further underpins the future performance and cash generation of La Cala.

2023 was the first full 12 month period of Killashee Hotel outside Naas following its acquisition on 1 April 2022. We are pleased with the early progress of this asset under our management, which added circa 17% to FBDH&R leisure earnings in 2023.

The positive performance of FBDH&R has enabled it to increase dividend payments to its parent, Farmer Business Developments plc, with €3.5m paid in June 2023 and a further €5m (circa 50% of its free cash flow) approved to be paid in June 2024. Maximising dividend return to the parent company is the key FBDH&R priority.

The outlook for our business in 2024 remains positive, notwithstanding adverse factors in the global environment. Forward bookings in Spain are strong and business continues to grow. In addition, property sales in La Cala have had a very strong start to 2024, with a record 23 units sold in the month of March. The leisure market in Ireland has softened in the first few months of 2024, however we remain optimistic for the outlook

Chairman's Statement (continued)

for the year. While uncertainties around geopolitical instability remain, and we continue to experience significant inflationary pressures, in particular labour cost increases in Ireland, we are confident in management's ability to control these cost pressures.

With a strong balance sheet and liquidity, FBDH&R is well positioned to meet the challenges, maximise opportunities and continue to deliver strong returns to our shareholder.

C) BULBERRY PROPERTIES LIMITED (BERLIN)

Our third largest investment is our 61% stake in Bulberry Properties which holds a prime plot of 33,067 sqm (3.3ha) of development land at Schönefeld, close to Berlin's new Willy Brandt Airport, which is now the only airport serving the German capital.

The property market in Berlin and the greater Berlin area remains subdued mainly due to the unsettling impact of the war in Ukraine, increased interest rates and high inflation costs impacting the construction sector. There are however some encouraging signs around interest rates and inflation which should have a positive impact on the property market. In light of the stagnated property market in the Berlin area the Bulberry group have taken a write down in the land value which has resulted in a €5.94m impairment of our land inventories. The Board remains confident in the long term prospects for this land and therefore continues to hold our prime plot and keep a close eye on the market to ensure that we realise its full value when we exit this investment.

The Bulberry group is well financed and made a net profit of €0.25m after all costs (excluding the land write-down which is a non cash item). At 31 December 2023, the Group carried its investment in Bulberry at €22.56m, which represents 8% of shareholders' funds. The remaining development land is carried in our consolidated accounts at circa €7.5m and we remain confident that we will achieve a premium on that carrying value in due course.

D) OTHER INVESTMENTS

Our remaining Balance Sheet consists of a portfolio of smaller investments totalling €25.4m, cash net of current liabilities of €5.1m and other net assets of €1.2m. The investments include international equities, private equity funds and stakes in private companies, together with an Irish venture capital fund. In 2023, we materialised a small loss of €0.01m on the 2022 year-end valuations.

SHARE BUY-BACK AND SHARE SALE SCHEMES

Following shareholder approval of special resolutions at the Annual General Meeting in June 2023, the Company launched a voluntary share buy-back scheme in summer 2023, followed by a share sale scheme in the autumn at an identical share price of €1.91.

The two schemes proved very popular with both shareholders who wished to sell and investors, with each being oversubscribed. Having considered the outcome, the Board decided that the best approach on each occasion was to accept all valid applications without any scale back.

The result was that in the buy-back, the Company was pleased to increase its financial commitment and 218 shareholders were successful in selling 100% of the shares they had offered, so that a total of 1,892,866 shares were bought back to be held as treasury shares and €3.615m was returned to shareholders. This was on top of the €4.4m returned to shareholders in the 2022 buy-back where a scale back had applied to some applicants.

The Company was delighted with the strong interest in the autumn 2023 share sale from both existing shareholders and some new farmer investors. The Board avoided any disappointment among the 309 applicants for a total of 3,259,962 shares by topping up the original allocation and releasing some treasury shares from the summer buy-back.

DIVIDEND

As a result of the strong performance in 2023, the Directors are very pleased to recommend a dividend of 14 cents per ordinary share for the year 2023, which is an increase of 5 cents per share over last year's payment. The record date for dividend purposes is Monday 10 June 2024 and, subject to approval at the AGM on Thursday 27 June 2024, the dividend will be paid on Friday 05 July 2024. While your Board is committed to a sustainable dividend policy of using available resources to benefit shareholders, ultimately it is not possible to have certainty over future dividends and the Board will always act in the best interests of the Company at the time.

PADRAIG WALSH CENTRE FOR SUSTAINABLE ANIMAL & GRASSLAND RESEARCH

The untimely loss of our friend and Chairman Padraig Walshe in February 2023 was a great shock and huge loss to us all. He is still sadly missed.

Padraig made a significant contribution to Irish agriculture and farming both in Ireland and in Brussels, and at home he was a pioneering grass-based dairy farmer and an early adopter of the latest technologies. It was fitting therefore that last December in Teagasc Moorepark, we joined with Ella and other family members at the announcement of a new state of the art facility for animal and grassland research to be named after Padraig. Farmer Business Developments plc has committed €1m to the project together with FBD Holdings plc and the FBD Trust CLG who are contributing €2.5m each. With the injection of public funds, this will see the development of a world-class centre that will deliver scientific solutions to support Irish farmers in achieving climate targets and environmental sustainability.

DIVERSITY

The Board is committed to improving diversity at Board level in particular with regard to female representation. Following shareholders' approval of a special resolution at last year's AGM, the Board was pleased to welcome Ann Moore in September as our first female Director appointed by our co-operative shareholders.

SHARE REGISTRARS

Link Registrars Limited has administrative responsibility for share dividend payments, updating shareholder records and for the registration and certification of share transfers arising from the settlement of estates and private transactions. Link deals with shareholder queries in writing, by telephone and on email. They may be contacted at 01-5530050, enquiries@linkgroup.ie and at Link Registrars Limited, 149 The Capel Building, Mary's Abbey, Dublin 7, D07 DP79.

CONCLUSION

Our Company has emerged stronger than ever from the extraordinary challenges of recent years with excellent Group results for 2023.

FBDH&R continues to perform well in both Spain and Ireland. It is well capitalised and clearly focussed on maximising business opportunities, and growing shareholder value and returns, as the acquisition of Killashee Hotel demonstrates. We had record property sales at La Cala and the property outlook remains positive with a strong start in 2024. FBD Holdings plc produced impressive results in 2023 and is delivering on its strategy to achieve measured profitable growth in a highly competitive market while returning surplus capital to shareholders. We continue to hold our prime development plot in Berlin in the expectation that when market sentiment recovers, we will maximise its value at exit.

The Board has good reason to be confident in the resilience and future prospects of our Company. We are convinced that our businesses and investments will continue to reward our shareholders with superior returns.

Thank you for your support.



Pat Murphy
Chairman

20 May 2024